

Goldman Sachs noted that the implied conversion numbers derived in the analysis above fell within the range of conversion numbers contemplated by the VoiceStream/Powertel merger agreement.

Selected Companies Analysis

Goldman Sachs performed an analysis to determine the public market values of Powertel and VoiceStream relative to other public companies in the wireless telecommunications sector. Goldman Sachs reviewed and compared financial information of Powertel and VoiceStream to corresponding financial information for selected companies, chosen because they are publicly traded companies with operations that are similar to those of Powertel and VoiceStream. Goldman Sachs undertook to determine how different measures of the price per POP for Powertel, VoiceStream and the combined company after the VoiceStream/Powertel merger compared to the same measures of price per POP for the following selected companies: TeleCorp PCS Inc., Sprint PCS Group, Triton PCS Holdings Inc. and Nextel Communications Inc. The price per POP in each case was calculated by dividing the respective company's core enterprise value or adjusted enterprise value by different measures of that company's POPs. In this analysis:

- "Core enterprise value" is a measure of each company's value that is calculated by adding its market capitalization, total debt, preferred shares and minority interest, and subtracting from that sum its cash, cash equivalents and an estimate of non-core assets, or assets that are not directly related to the company's wireless network;
- "Adjusted enterprise value" is a measure of each company's value that is calculated by subtracting from the core enterprise value for that company the value of its unbuilt POPs, or POPs for which the company does not currently have plans to establish an operating network, valued at \$25.00 per POP; and
- "Weighted Total POPs" is a measure calculated to reflect the fact that networks have differing levels of spectrum available to different geographic areas and is calculated by weighting POPs with greater MHz, since licenses with greater MHz provide greater bandwidth or capacity. "Weighted Total POPs" are determined by multiplying the number of POPs in a 30 MHz license area by one, the number of POPs in a 20 MHz license area by 0.75, the number of POPs in a 10 MHz license area by 0.25 and, with respect to Nextel, the number of Nextel POPs by 0.75.

Finally, values per POP show the relation of the number of a company's POPs to its capitalization. "2001 Covered POP Value" represents adjusted enterprise value divided by projected 2001 Covered POPs, "Weighted Total POP Value" represents core enterprise value divided by Weighted Total POPs and "Total POP Value" represents core enterprise value divided by total POPs.

The analysis was performed using share prices as of August 18, 2000. The following chart summarizes the results of that analysis:

	<u>Powertel</u>	<u>VoiceStream</u>	<u>Sprint PCS</u>	<u>TeleCorp</u>	<u>Triton</u>	<u>Nextel</u>
2001 Covered POPs (in millions)	19.0	136.7	185.0	30.8	13.3	192.0
2001 Covered POP value (in dollars per POP)	\$274.91	\$236.50	\$284.10	\$289.80	\$300.24	\$239.13
Weighted total POPs (in millions)	22.1	161.0	191.1	28.7	9.8	176.5
Weighted total POP value (in dollars per POP)	\$245.55	\$211.34	\$284.26	\$311.55	\$409.56	\$263.51
Total POPs (in millions)	26.9	220.2	270.0	35.2	13.0	235.3
Total POP value (in dollars per POP)	\$201.96	\$154.51	\$201.14	\$253.58	\$307.17	\$197.64

Goldman Sachs noted that Powertel's values per POP were within the range of values per POP represented by the other selected companies in the analysis.

Pro Forma Merger Analysis

Goldman Sachs also analyzed the potential effects of the VoiceStream/Powertel merger on VoiceStream's projected EBITDA per share for 2002, 2001 and 2000. Goldman Sachs conducted the analysis using assumed conversion numbers of 0.65 and 0.75, the minimum and maximum possible conversion numbers under the VoiceStream/Powertel merger agreement, as well as an assumed \$85.00 per share value for Powertel common shares. The analysis also used estimates for VoiceStream and Powertel EBITDA for 2000, 2001 and 2002 provided by VoiceStream management. The following table lays out the accretion to the EBITDA figures of VoiceStream that are projected to be the result of the VoiceStream/Powertel merger. The percentage accretion represents the percentage by which the pro forma EBITDA per share of the combined VoiceStream/Powertel entity would exceed the projected EBITDA per share of VoiceStream on a stand-alone basis. The following table presents the results of this analysis:

		EBITDA Accretion per Post-Merger VoiceStream Share		
		<u>.65x Conversion Number</u>	<u>\$85.00 Per Share Value</u>	<u>.75x Conversion Number</u>
EBITDA	2000E	14.4%	15.9%	4.1%
	2001E	13.6%	11.6%	11.7%
	2002E	6.7%	4.8%	5.0%

Goldman Sachs noted that the above figures indicate that, given the assumptions made in preparing the analysis, the VoiceStream/Powertel merger is projected to be accretive to holders of VoiceStream common shares in the periods outlined.

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analysis or of the summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying Goldman Sachs's opinion. In arriving at its fairness determination, Goldman Sachs considered the results of all such analyses. No company or transaction used in the above analyses as a comparison is directly comparable to VoiceStream or Powertel or the merger. Goldman Sachs prepared the analyses solely for purposes of providing its opinion to the VoiceStream board as to the fairness of the conversion number. The analyses do not purport to be appraisals or necessarily reflect the prices at which the business or securities actually may be sold. Analyses based upon forecasts of future results, which are inherently subject to uncertainty, are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by such analyses.

Goldman Sachs, as part of its investment banking business, is continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. VoiceStream selected Goldman Sachs as its financial advisor because it is a nationally recognized investment banking firm that has substantial experience in transactions similar to the merger and because of Goldman Sachs' familiarity with VoiceStream arising from having provided investment banking services in the past to VoiceStream and its predecessor.

Goldman Sachs is familiar with VoiceStream having provided certain investment banking services from time to time to:

- VoiceStream;
- VS Washington; and
- VS Washington's former parent, Western Wireless.

Such services include having acted as:

- lead managing underwriter in the initial public offering of 12.65 million common shares of Western Wireless in May 1996;
- lead manager in the public offering of \$200 million aggregate principal amount of 10.5% senior subordinated notes due June 2006 of Western Wireless in May 1996;
- lead manager in the private offering of \$200 million aggregate principal amount of 10.5% senior subordinated notes due February 2007 of Western Wireless in October 1996;
- Western Wireless's financial advisor in connection with the sale of 19.9% of the outstanding shares of VS Washington's common shares to Hutchison PCS (USA) Limited in February 1998;
- lead manager in the public offering of 13.915 million Western Wireless common shares in April 1998;
- VoiceStream's financial advisor in connection with the acquisition of Omnipoint in June 1999;
- VoiceStream's financial advisor in connection with the acquisition of Aerial in September 1999;
- lead manager in the private offering of \$1.1 billion aggregate principal amount of 10% senior notes due November 2009 of VS Washington and VoiceStream and \$720 million aggregate principal amount of 11% senior discount notes due November 2009 of VS Washington and VoiceStream in November 1999;
- VoiceStream's financial advisor in connection with, and having participated in certain of the negotiations leading to, the Deutsche Telekom/VoiceStream merger agreement; and
- VoiceStream's financial advisor in connection with, and having participated in certain of the negotiations leading to, the VoiceStream/Powertel merger agreement.

Goldman Sachs has received compensation of approximately \$39.5 million from VoiceStream or VS Washington with respect to investment banking services provided to VoiceStream and/or VS Washington over the past two years, which includes \$10 million already paid by VoiceStream in connection with the Deutsche Telekom/VoiceStream merger. As of August 26, 2000, investment funds affiliated with Goldman Sachs had a principal investment in VoiceStream in the amount of 10,088,128 VoiceStream common shares and have the right to designate a nominee for election to the VoiceStream board of directors. Terrence O'Toole, a managing director of Goldman Sachs, is a director of VoiceStream. Goldman Sachs has also provided investment banking services to Powertel including having purchased from Ericsson, Inc. in December 1998 \$165 million aggregate principal amount of a tranche of the loan made from Ericsson to Powertel, and in June 1998 an additional \$100 million aggregate principal amount of a tranche of that loan, and having acted as a lender under, and having been a party to agreements with respect to, that loan.

Goldman Sachs provides a full range of financial advisory and securities services and, in the course of its normal trading activities, may from time to time effect transactions and hold securities, including derivative securities, of VoiceStream and Powertel for its own account and for the accounts of customers. As of August 26, 2000, Goldman Sachs had accumulated a net long position of 308 Powertel shares. As of the same date and not including the principal investment referred to above, Goldman Sachs had a net short position of 180,716 shares of VoiceStream common shares.

Pursuant to a letter agreement dated May 8, 2000, VoiceStream engaged Goldman Sachs to act as its financial advisor in connection with the potential acquisition of Powertel. Pursuant to this letter agreement, VoiceStream has agreed to pay Goldman Sachs \$10 million upon consummation of the acquisition of Powertel. VoiceStream has agreed to reimburse Goldman Sachs for its reasonable out-of-pocket expenses, including attorney's fees, and to indemnify Goldman Sachs against certain liabilities, including certain liabilities under the federal securities laws.

Opinion of Powertel's Financial Advisor

Under an engagement letter, dated as of January 12, 2000, Powertel engaged Morgan Stanley to provide financial advisory services to Powertel. The Powertel board of directors selected Morgan Stanley to act as its financial advisor based on Morgan Stanley's qualifications, expertise and reputation, as well as Morgan Stanley's knowledge of the business and affairs of Powertel.

On August 26, 2000, Morgan Stanley delivered its oral opinion, subsequently confirmed in writing, to the Powertel board of directors that, as of such date, and subject to and based upon the various considerations, assumptions, limitations and qualifications set forth in its opinion:

- the consideration to be received by holders of Powertel common shares and preferred shares pursuant to the Deutsche Telekom/Powertel merger agreement is fair from a financial point of view to holders of Powertel common shares and preferred shares; and
- in the event the Deutsche Telekom/VoiceStream merger is not completed, the consideration to be received by the holders of Powertel common shares and preferred shares pursuant to the VoiceStream/Powertel merger agreement is fair from a financial point of view to the holders of Powertel common shares and preferred shares.

The full text of Morgan Stanley's opinion, dated August 26, 2000, which sets forth, among other things, assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken by Morgan Stanley in rendering its opinion, is attached to this proxy statement/prospectus as Annex F. You are urged to read the entire opinion carefully and in its entirety.

Morgan Stanley's opinion is directed to the Powertel board of directors and only addresses the fairness of the consideration to be received by the holders of Powertel common shares and preferred shares pursuant to the Deutsche Telekom/Powertel merger agreement, and if the Deutsche Telekom/VoiceStream merger is not completed, the fairness of the consideration to be received pursuant to the VoiceStream/Powertel merger agreement, in each case from a financial point of view, as of the date of the opinion. Morgan Stanley's opinion does not address any other aspect of the Deutsche Telekom/Powertel merger and the VoiceStream/Powertel merger, and does not constitute a recommendation to any Powertel stockholder as to how to vote at the Powertel special meeting. This summary is qualified in its entirety by reference to the full text of the opinion.

In connection with rendering its opinion, Morgan Stanley, among other things:

- reviewed certain publicly available financial statements and other information of Powertel, Deutsche Telekom and VoiceStream;
- reviewed certain internal financial statements and other financial and operating data concerning Powertel, Deutsche Telekom and VoiceStream prepared by the managements of Powertel, Deutsche Telekom, and VoiceStream, respectively;
- analyzed certain financial projections prepared by the management of Powertel;
- analyzed certain financial projections for Deutsche Telekom and VoiceStream contained in certain securities analysts' research reports that were recommended for review by the managements of Deutsche Telekom and VoiceStream, respectively;
- discussed the past and current operations and financial condition and the prospects of Powertel, including information relating to certain strategic, financial and operational benefits anticipated from each of the Deutsche Telekom/Powertel merger and the VoiceStream/Powertel merger, with senior executives of Powertel;
- discussed the past and current operations and financial condition and the prospects of Deutsche Telekom, including information relating to certain strategic, financial and operational benefits anticipated from the Deutsche Telekom/Powertel merger with senior executives of Deutsche Telekom;

- discussed the past and current operations and financial condition and the prospects of VoiceStream, including information relating to certain strategic, financial and operational benefits anticipated from the VoiceStream/Powertel merger with senior executives of VoiceStream;
- discussed the past and current operations and financial condition and the prospects of Deutsche Telekom and VoiceStream, including information relating to certain strategic, financial and operational benefits anticipated from the VoiceStream merger, with senior executives of Deutsche Telekom and VoiceStream;
- reviewed the reported prices and trading activity for the Powertel common shares, the Deutsche Telekom ADSs and the VoiceStream common shares;
- compared the financial performance of Powertel, Deutsche Telekom and VoiceStream and the prices and trading activity of the Powertel common shares, the Deutsche Telekom ADSs and the VoiceStream common shares with those of certain other publicly-traded companies comparable with Powertel, Deutsche Telekom and VoiceStream respectively and their securities;
- reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions;
- participated in discussions and negotiations among representatives of Powertel, Deutsche Telekom and VoiceStream and their financial and legal advisors;
- reviewed the terms, including the financial terms, of the Deutsche Telekom/Powertel merger agreement, the VoiceStream/Powertel merger agreement and the Deutsche Telekom/VoiceStream merger agreement and certain related documents; and
- performed other analyses and considered other factors as we have deemed appropriate.

For purposes of its opinion, Morgan Stanley analyzed the merger as if the Powertel preferred shares were converted into Powertel common shares immediately prior to the completion of the Deutsche Telekom/Powertel merger or the VoiceStream/Powertel merger. Morgan Stanley's opinion does not extend to the conversion terms of the Powertel preferred shares.

In rendering its opinion, Morgan Stanley assumed and relied upon without independent verification the accuracy and completeness of the information reviewed by Morgan Stanley for the purposes of its opinion. With respect to the financial projections, including information relating to certain strategic, financial and operational benefits anticipated from each of the Deutsche Telekom/Powertel merger, VoiceStream/Powertel merger and Deutsche Telekom/VoiceStream merger, Morgan Stanley assumed they were reasonably prepared on bases reflecting the best currently available estimates and judgments of the future financial performance of Deutsche Telekom, VoiceStream and Powertel. For the purpose of its analysis, Morgan Stanley relied with Powertel's consent on the estimates of certain securities analysts' research reports that were recommended for review by the managements of Deutsche Telekom and VoiceStream.

Morgan Stanley also assumed that the VoiceStream/Powertel merger will be completed only if the Deutsche Telekom/VoiceStream merger agreement is terminated. In addition, Morgan Stanley assumed that the Deutsche Telekom/Powertel merger will be completed in accordance with the terms set forth in the Deutsche Telekom/Powertel merger agreement, including that the Deutsche Telekom/Powertel merger will be treated as a tax-free merger and/or exchange pursuant to the U.S. tax code. Morgan Stanley also assumed that in the event the Deutsche Telekom/VoiceStream merger is terminated, the VoiceStream/Powertel merger will be completed in accordance with the terms set forth in the VoiceStream/Powertel merger agreement, including that the VoiceStream/Powertel merger will be treated as a tax-free merger and/or exchange pursuant to the U.S. tax code. In addition, Morgan Stanley assumed that obtaining all necessary regulatory approvals for the Deutsche Telekom/Powertel merger or VoiceStream/Powertel merger will not have a material adverse effect on Powertel, VoiceStream or Deutsche Telekom or the financial, strategic and operational benefits anticipated from the Deutsche Telekom/Powertel merger, the Deutsche Telekom/VoiceStream merger or the VoiceStream/Powertel

merger. Morgan Stanley did not make any independent valuation or appraisal of the assets or liabilities of Powertel, Deutsche Telekom or VoiceStream nor was Morgan Stanley furnished with any such appraisals. Morgan Stanley's opinion is necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to it as of August 26, 2000.

The following is a brief summary of the material financial analyses performed by Morgan Stanley in connection with its oral opinion and the preparation of its opinion letter dated August 26, 2000. These summaries of financial analyses include information presented in tabular format. In order to fully understand the financial analyses used by Morgan Stanley, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses.

Historical Public Market Trading Value

Morgan Stanley reviewed the recent price performance of Powertel common shares based on an analysis of the historical closing prices and trading volumes over the last twelve months ending August 25, 2000. Morgan Stanley performed this analysis to derive the premia or discounts to the market prices for Powertel common shares represented by the consideration to be received by holders of Powertel shares in the Deutsche Telekom/Powertel merger and the VoiceStream/Powertel merger. The following table lists the average daily closing prices of Powertel common shares for the periods indicated. Based on the closing prices of the Deutsche Telekom ADSs and VoiceStream common shares on August 25, 2000, the consideration to be received by holders of Powertel common shares in the Deutsche Telekom/Powertel merger and the VoiceStream/Powertel merger was determined to be approximately \$106.24 and \$85.00 per Powertel common share, respectively. Morgan Stanley then compared the consideration to be received by holders of Powertel common shares in the Deutsche Telekom/Powertel merger and VoiceStream/Powertel merger to the average Powertel closing prices over this period, to arrive at the implied premia and discount percentages over the Powertel closing prices indicated in the table below.

<u>Period Ending August 25, 2000</u>	<u>Average Powertel Share Price</u>	<u>Premia implied in Deutsche Telekom/ Powertel merger</u>	<u>Premia/(Discount) implied in VoiceStream/Powertel merger</u>
Last one year	\$ 77.43	37%	10%
Six months	77.92	36	9
Three months	82.88	28	3
One month	83.53	27	2
Current (8/25/00)(a)	86.63	23	(2)
52-week high(a)	105.00	1	(19)
52-week low(a)	34.81	205	144

(a) Data reflects closing prices and not averages.

This analysis was designed to compare the consideration to be received by the Powertel stockholders in either the Deutsche Telekom/Powertel merger or the VoiceStream/Powertel merger to prices of Powertel common shares during selected historical periods. The analysis indicated that the consideration to be received pursuant to the VoiceStream/Powertel merger was a slightly greater value to the Powertel stockholders as compared to Powertel's actual trading performance over most historical periods compared in this analysis. Furthermore, the analysis indicated that the consideration to be received pursuant to the Deutsche Telekom/Powertel merger was of meaningfully greater value to the holders of Powertel shares as compared to Powertel's actual trading performance over the historical periods compared in this analysis.

Comparable Companies Analysis

Using closing market prices on August 25, 2000, Morgan Stanley calculated aggregate value, defined as equity value adjusted for the addition of debt and preferred stock and the subtraction of cash, warrant and option proceeds and other assets of Powertel and VoiceStream. Morgan Stanley then compared the aggregate value of Powertel and VoiceStream to service revenue multiples for Powertel and VoiceStream

for fiscal year 2001 and subscriber multiples for Powertel and VoiceStream for fiscal year 2001. The service revenue and subscriber multiples used were based on publicly available research estimates compiled by Powertel's management, as adjusted for certain operating assumptions reflected in publicly available reports, and based on publicly available research estimates for VoiceStream. Morgan Stanley then compared the service revenue and subscriber multiples obtained for Powertel and VoiceStream with similar multiples obtained, based on publicly available research estimates, for selected domestic companies that provide PCS services, including Sprint PCS and Nextel Communications, Inc., which in this document we refer to as the "Domestic PCS Peer Group".

In addition, Morgan Stanley compared aggregate value to fiscal year 2001 revenue multiples and aggregate value to EBITDA multiples for fiscal year 2001 for Deutsche Telekom, based on publicly available research estimates. Morgan Stanley then compared the fiscal year 2001 revenue and EBITDA multiples for Deutsche Telekom with multiples obtained for a group of selected peer companies based on publicly available research estimates. The group of selected Deutsche Telekom peer companies, which in this document we refer to as the "Deutsche Telekom Peer Group", included France Telecom S.A., Koninklijke KPN NV and Telecom Italia SpA. These analyses resulted in the following information:

Domestic PCS Peer Group

	<u>Powertel</u>	<u>VoiceStream</u>	<u>Mean of Peers</u>
Licensed POPs (in dollars per POP)	\$ 225	\$ 139	\$ 246
Covered POPs (in dollars per POP)	\$ 326	\$ 355	\$ 318
2001 Subscribers (in dollars per subscriber)	\$4,213	\$4,493	\$4,894
Aggregate value (as a multiple of 2001 service revenue) ..	8.3x	10.0x	7.8x

Deutsche Telekom Peer Group

	<u>Deutsche Telekom</u>	<u>Deutsche Telekom Peer Group</u>	
		<u>Median</u>	<u>Mean</u>
2001 Revenue	3.4x	4.8x	4.8x
2001 EBITDA	9.4x	12.8x	13.3x

Morgan Stanley noted that the consideration to be received by a holder of a Powertel common share pursuant to the Deutsche Telekom/Powertel merger based on the closing price of the Deutsche Telekom ADSs on August 25, 2000 represented a multiple of \$390 per Powertel's current covered POPs and 9.9x Powertel's fiscal year 2001 service revenue. Furthermore, Morgan Stanley noted that the consideration received pursuant to the VoiceStream/Powertel merger based on the closing price of VoiceStream common shares on August 25, 2000 represented a multiple of \$320 per Powertel's current covered POPs and 8.1x Powertel's fiscal year 2001 service revenue.

Securities Research Analysts' Future Price Targets Analysis

Morgan Stanley reviewed the 12-month price targets for Powertel common shares as projected by analysts from various financial institutions in recent reports. These targets reflected each analyst's estimate of the future public market trading price of the Powertel common shares at the end of the particular period considered for each estimate. Morgan Stanley then arrived at the present value for these targets using an estimated equity discount rate of 15.0% for the Powertel common shares.

This analysis showed the following mean and median present values for the Powertel common shares:

	<u>Present Value</u>
Mean	\$95.88
Median	\$94.50

Morgan Stanley noted that the consideration to be received by a holder of Powertel common shares pursuant to the Deutsche Telekom/Powertel merger based on the closing price of the Deutsche Telekom ADSs on August 25, 2000 represented a per Powertel common share value of \$106.24. Furthermore, Morgan Stanley noted that the consideration received pursuant to the VoiceStream/Powertel merger based on the closing price of a VoiceStream common share on August 25, 2000 represented a per share value for a Powertel common share of \$85.00.

Historical Exchange Ratio Analysis

Morgan Stanley reviewed the implied historical exchange ratios for Powertel common shares, Deutsche Telekom ADSs and VoiceStream common shares. These exchange ratios were determined by dividing the price per Powertel common share by the price per Deutsche Telekom ADS and the price per VoiceStream common share over the one year period from August 25, 1999 through August 25, 2000. Morgan Stanley performed this analysis to compare premia or discounts represented by the consideration received pursuant to the Deutsche Telekom/Powertel merger and the VoiceStream/Powertel merger with the premium or discount represented by historical exchange ratios prevailing in the open market.

This analysis indicated the following premia/discounts represented by the average historical exchange ratios prevailing in the open market:

<u>Period Ending August 25, 2000</u>	<u>Premia implied in Deutsche Telekom/ Powertel Merger</u>	<u>Premia/(Discounts) implied in VoiceStream/Powertel Merger</u>
Last twelve months	100%	(1)%
Last six months	98	10
Last 90 trading days	78	9
Last 20 trading days	31	6
Last 10 trading days	32	6
Current (8/25/00)	23	(2)

The analysis indicated that the consideration to be received by holders of Powertel shares pursuant to the VoiceStream/Powertel merger was of slightly greater value to the holders of Powertel shares as compared to Powertel's and VoiceStream's actual relative trading performance over the relevant historical periods. Furthermore, the analysis indicated that the consideration to be received by holders of Powertel shares pursuant to the Deutsche Telekom/Powertel merger was of meaningfully greater value to the holders of Powertel shares as compared to Powertel's and Deutsche Telekom's actual relative trading performance over the relevant historical periods.

Analysis of Selected Precedent Transactions

To compare the Deutsche Telekom/Powertel merger and the VoiceStream/Powertel merger to other recent mergers in the PCS industry, Morgan Stanley reviewed the following three transactions involving domestic PCS companies since June 1999:

- June 1999 — VoiceStream Wireless/Omnipoint
- September 1999 — VoiceStream Wireless/Aerial; and
- July 2000 — Deutsche Telekom/VoiceStream.

For each of these transactions, Morgan Stanley reviewed and calculated the consideration paid per current licensed POPs, per current covered POPs and per current subscribers and calculated the consideration paid for each of these transactions as a multiple of estimated service revenues of the

acquired company for the next one year. This analysis indicated the following multiples for these transactions:

	Aggregate Consideration per			
	Licensed POPs	Covered POPs	Current Subscribers	Forward Service Rev.
VoiceStream/Omnipoint	\$ 45	\$ 96	\$ 7,544	9.2x
VoiceStream/Aerial	114	141	9,099	10.2
Deutsche Telekom/VoiceStream	241	547	20,646	17.2

Morgan Stanley noted that the consideration received pursuant to the Deutsche Telekom/Powertel merger and VoiceStream/Powertel merger implied the following multiples for Powertel:

	Aggregate Consideration per			
	Licensed POPs	Covered POPs	Current Subscribers	Forward Service Rev.
Deutsche Telekom/Powertel merger.....	\$270	\$390	\$8,819	9.9x
VoiceStream/Powertel merger.....	222	320	7,232	8.1

Morgan Stanley noted that the VoiceStream/Omnipoint transaction and the VoiceStream/Aerial transaction were more directly comparable to the Deutsche Telekom/Powertel and VoiceStream/Powertel mergers as these previous acquisitions were made to expand VoiceStream's service area to include geographic areas not previously covered by VoiceStream's mobile telecommunication service. Morgan Stanley further noted that the multiples paid in the Deutsche Telekom/Powertel and VoiceStream/Powertel mergers are broadly in line with these comparable transactions.

Discounted Cash Flow Analysis

Morgan Stanley performed a discounted cash flow analysis of Powertel's business. This analysis considers the present value of projected cash flows for Powertel using discount rates and the present value of Powertel's business assuming a perpetual existence and applying a multiple to the final free cash flow of Powertel for the projected period. Morgan Stanley analyzed Powertel's business for the period beginning January 1, 2000 and ending December 31, 2009, based on publicly available research estimates compiled by Powertel's management, as adjusted for certain operating assumptions reflected in publicly available reports.

Morgan Stanley estimated Powertel's discounted cash flow value by using a discount rate range of 12.0% to 12.5% and using free cash flow growth rates ranging from 5.0% to 5.5% in the final year of the period analyzed. This analysis yielded a range of values for the Powertel common shares of approximately \$90 per share to \$106 per share. Morgan Stanley noted that the consideration received pursuant to the Deutsche Telekom/Powertel merger based on the closing price of the Deutsche Telekom ADSs on August 25, 2000 represented a 0% to 18% premium to the Powertel per share discounted cash flow value. Furthermore, Morgan Stanley noted that the consideration received pursuant to the VoiceStream/Powertel merger based on the closing price of the VoiceStream's common shares on August 25, 2000 represented a 6% to 25% discount to the Powertel per share discounted cash flow value.

In addition, Morgan Stanley performed sensitivity analyses on assumptions underlying Powertel's business forecast. Specifically, Morgan Stanley varied the assumptions regarding the revenue growth and EBITDA margin in the final year of the period analyzed. Using a 12.0% discount rate and a 5.5% final free cash flow growth rate, Morgan Stanley arrived at values for the Powertel common shares ranging from approximately \$83 per share to \$107 per share.

Morgan Stanley performed a variety of financial and comparative analyses solely for purposes of providing its opinion to the Powertel board of directors as to the fairness from a financial point of view to the holders of Powertel common shares and preferred shares of the consideration received in the Deutsche Telekom/Powertel merger or VoiceStream/Powertel merger.

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. In arriving at its opinion, Morgan Stanley considered the results of all of its analyses as a whole and did not attribute any particular weight to any analysis or factor considered by it. Morgan Stanley believes that the summary provided and the analyses described above must be considered as a whole and that selecting any portion of its analyses, without considering all analyses, would create an incomplete view of the process underlying its analyses and opinion. In addition, Morgan Stanley may have given various analyses and factors more or less weight than other analyses and factors, and may have deemed various assumptions more or less probable than other assumptions, so that the ranges of valuations resulting from any particular analysis described above should not be taken to be Morgan Stanley's view of the actual value of Deutsche Telekom, VoiceStream or Powertel.

No company used in the Comparable Company Analysis is identical to Deutsche Telekom, VoiceStream or Powertel, and no transaction used in the Analysis of Selected Precedent Transactions is identical to the Deutsche Telekom/Powertel merger or the VoiceStream/Powertel merger. In performing its analyses, Morgan Stanley made numerous judgments and assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Deutsche Telekom, VoiceStream or Powertel. In addition, mathematical analysis, such as determining the average or the median, is not in itself a meaningful method of using comparable company or precedent transaction data.

The analyses performed by Morgan Stanley are not necessarily indicative of future results or actual values, which may be significantly more or less favorable than those suggested by such estimates. The analyses performed were prepared solely as part of Morgan Stanley's analysis of the fairness of the consideration received pursuant to the Deutsche Telekom/Powertel merger or VoiceStream/Powertel merger from a financial point of view to the holders of Powertel common shares and preferred shares. Morgan Stanley's analyses are not intended to be appraisals or to reflect the prices at which Deutsche Telekom, VoiceStream or Powertel might actually be sold or the price at which their securities may trade.

The consideration received pursuant to the Deutsche Telekom/Powertel merger or VoiceStream/Powertel merger was determined through arm's length negotiations between Powertel, Deutsche Telekom and VoiceStream and was approved by the Powertel board of directors. Morgan Stanley did not recommend any specific merger consideration to Powertel or that any specific merger consideration constituted the only appropriate merger consideration for the Deutsche Telekom/Powertel merger or VoiceStream/Powertel merger. Morgan Stanley's opinion to the Powertel board was one of many factors taken into consideration by the Powertel board of directors in making its determination to approve the Deutsche Telekom/Powertel merger or VoiceStream/Powertel merger. Consequently, the Morgan Stanley analyses described above should not be viewed as determinative of the opinion of the Powertel board of directors with respect to the value of Powertel or whether the Powertel board of directors would have been willing to agree to different merger consideration.

Morgan Stanley is an internationally recognized investment banking and advisory firm. Morgan Stanley, as part of its investment banking business, is continuously engaged in the valuation of businesses and securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. Morgan Stanley and its affiliates have provided in the past, are providing and may provide in the future financial advisory and financing services for Powertel and Deutsche Telekom. Morgan Stanley may receive customary fees for the rendering of these services. In the ordinary course of Morgan Stanley's business, Morgan Stanley or its affiliates may at any time hold long or short positions, may trade, make a market or otherwise effect transactions, for its own account, the accounts of investment funds and other clients under the management of Morgan Stanley or for the accounts of customers, in the securities or indebtedness of Deutsche Telekom, VoiceStream and Powertel.

Under the letter agreement dated as of January 12, 2000, Morgan Stanley has provided advisory services and a financial opinion in connection with the Deutsche Telekom/Powertel merger or VoiceStream/Powertel merger, and Powertel has agreed to pay a fee to Morgan Stanley of \$28 million if

the Deutsche Telekom/Powertel merger is consummated or a fee of \$23 million if the VoiceStream/Powertel merger is consummated. In addition, Powertel has also agreed to reimburse Morgan Stanley for its expenses incurred in performing its services and to indemnify Morgan Stanley and its affiliates, their respective directors, officers, agents and employees and each person, if any, controlling Morgan Stanley or any of its affiliates against certain liabilities and expenses, including the fees of its legal counsel and certain liabilities under the federal securities laws, related to or arising out of Morgan Stanley's engagement and any related transactions.

Interests of Directors and Officers of VoiceStream in the VoiceStream/Powertel Merger

Sonera Corporation is a significant stockholder of both VoiceStream and Powertel, beneficially owning approximately 8.3% and 16.8% of their common shares outstanding, respectively. Under the VoiceStream voting agreement, Sonera has designated one representative to the VoiceStream board of directors. Sonera also has the right to designate one representative to the Powertel board of directors, but is not currently exercising such right, although a Sonera representative currently attends meetings of the Powertel board of directors as an observer.

Interests of Directors and Officers of Powertel in the Deutsche Telekom/Powertel Merger and the VoiceStream/Powertel Merger

Some of the directors and officers of Powertel have interests in the Deutsche Telekom/Powertel merger and the VoiceStream/Powertel merger that are different from, or in addition to, the interests of Powertel stockholders generally. These interests, to the extent material, are described below. The Powertel board of directors was aware of these interests and considered them, among other matters, in approving both the Deutsche Telekom/Powertel merger agreement and the Deutsche Telekom/Powertel merger and the VoiceStream/Powertel merger agreement and the VoiceStream/Powertel merger.

Treatment of Equity Awards

Each merger agreement provides that, immediately prior to the completion of the Deutsche Telekom/Powertel merger and the VoiceStream/Powertel merger, each outstanding option to purchase Powertel common shares will be converted into the right to acquire Deutsche Telekom ordinary shares or VoiceStream common shares, respectively. See "Summary of Deutsche Telekom/Powertel and VoiceStream/Powertel Transaction Documents — The Deutsche Telekom/Powertel Merger Agreement — Treatment of Powertel Options and Restricted Stock" and "Summary of Deutsche Telekom/Powertel and VoiceStream/Powertel Transaction Documents — The VoiceStream/Powertel Merger Agreement — Treatment of Powertel Options and Restricted Stock." Except as provided below, none of the options to purchase Powertel common shares will be subject to accelerated vesting. Powertel will be allowed to issue up to an aggregate of 575,000 options prior to the completion of the Deutsche Telekom/Powertel merger or the VoiceStream/Powertel merger, as the case may be, to Powertel employees in yearly performance grants, to DiGiPH employees that become Powertel employees and in connection with offers of employment outstanding as of August 26, 2000. In the event an employee's employment is terminated by Deutsche Telekom or VoiceStream, as the case may be, because of job elimination resulting from the Deutsche Telekom/Powertel merger or the VoiceStream/Powertel merger within 18 months of the completion of the applicable merger, then the employee's options may become fully vested and exercisable, subject to certain limitations and restrictions. In addition to actual job elimination, an employee's employment will be considered to have been terminated by Deutsche Telekom or VoiceStream, as the case may be, because of job elimination if:

- that employee's employment with the surviving corporation terminates within 30 days after the employee is subjected to a reduction in the employee's salary, hourly wage or target bonus; or
- if the employee is required to transfer to a workplace 50 miles or more from their current job location.

Any employee who receives accelerated vesting of his or her options will not be entitled to any actual or potential remaining payments under the cash bonus, retention bonus or incentive bonus plans that are described below. However, individuals who are eligible to receive payments under the severance plan will still be able to receive those payments, except that those payments will be reduced by any amounts that were previously paid to the employee under the cash bonus, the retention bonus or the incentive bonus plans. To obtain accelerated vesting or severance payments, an employee will be required to sign and deliver to the surviving corporation a full release of all claims against Powertel, Deutsche Telekom, VoiceStream and all related parties. In addition, all restrictions on outstanding restricted shares held by Powertel employees will lapse upon the completion of the Deutsche Telekom/Powertel merger or VoiceStream/Powertel merger, as the case may be.

Cash and Retention Bonus Plans

Pursuant to the Deutsche Telekom/Powertel and the VoiceStream/Powertel merger agreements, cash and retention bonus plans will be established for Powertel management employees, including the executive officers of Powertel, subject to offsets against severance payments as described below. Pursuant to the cash bonus plan, each full-time employee of Powertel as of December 31, 2000 will receive a \$3,000 cash bonus three months following the completion of the Deutsche Telekom/Powertel or VoiceStream/Powertel merger, as the case may be, if they remain employed in good standing as of that date or if their employment is terminated within that period as a result of job elimination resulting from the Deutsche Telekom/Powertel or VoiceStream/Powertel merger, as the case may be. The bonus will be prorated for part-time employees and employees hired after December 31, 2000. In addition, approximately 150-300 key employees of Powertel, including the executive officers of Powertel, except for the chief executive officer and chief financial officer, will be eligible to receive retention bonuses paid out of a \$20 million bonus pool in amounts and upon terms mutually agreed upon by the chief executive officers and chief operating officers of VoiceStream and Powertel. These retention bonuses will be paid as follows:

- 33.3% of the cash bonus 90 days after the Deutsche Telekom/Powertel or VoiceStream/Powertel merger;
- 33.3% of the cash bonus on the first anniversary of the Deutsche Telekom/Powertel or VoiceStream/Powertel merger; and
- 33.4% on the second anniversary of the Deutsche Telekom/Powertel or VoiceStream/Powertel merger.

To receive the retention bonuses, the participating employees must be continuously employed from the start of the plan and remain in good standing through the date of payment.

Incentive Bonus Plan

Deutsche Telekom or VoiceStream, as the case may be, intends to pay incentive bonuses out of a separate \$20 million bonus pool to the same employees that participate in the retention bonus plan, which may include selected executive officers of Powertel. These individuals will be eligible to receive incentive bonuses based on the achievement of specified performance targets for the Powertel markets. The chief executive officers and chief operating officers of VoiceStream and Powertel will mutually agree upon the incentive bonus for each participant. Incentive bonuses will be paid as follows, provided the applicable merger has been completed by the indicated date of payment:

- 12.5% is payable in September 2001, based upon achieving a minimum number of net subscriber and post-pay subscriber additions during the first quarter of 2001;
- 12.5% is payable in September 2001, based upon achieving a minimum number of net subscriber and post-pay subscriber additions during the second quarter of 2001;
- 6.25% is payable in September 2001 for each of the first and second calendar quarters of 2001 in which combined pre-pay and post-pay churn is at or below a targeted percentage;

- 6.25% is payable in September 2001 for each of the first and second calendar quarters of 2001 in which bad debt is at or below a targeted percentage of total subscriber revenue;
- 12.5% is payable in January 2002, based upon achieving a minimum number of net subscriber and post-pay subscriber additions during the third quarter of 2001;
- 12.5% is payable in January 2002, based upon achieving a minimum number of net subscriber and post-pay subscriber additions during the fourth quarter of 2001;
- 6.25% is payable in January 2002 for each of the third and fourth calendar quarters during 2001 in which combined pre-pay and post-pay churn is at or below a targeted percentage; and
- 6.25% is payable in January 2002 for each of the third and fourth calendar quarters during 2001 in which bad debt is at or below a targeted percentage of total subscriber revenue.

The incentive bonuses earned under this plan will depend on the number of quarters during which performance targets are met. To earn any payments under this plan, participants must be continuously employed by Powertel or its successor and in good standing through the payment date. In addition, Powertel agreed to implement an annual services agreement by January 1, 2001, and to use its reasonable efforts to place a majority of its post-pay subscriber additions on that agreement.

Severance Plan

Individuals who are employees of Powertel immediately before the completion of the applicable merger and whose employment is terminated by Deutsche Telekom or VoiceStream, as the case may be, because of a job elimination resulting from the applicable merger will participate in the severance plan. Any payments under the severance plan will be reduced dollar for dollar by any amounts that a participant receives under the cash, retention or incentive bonus plans, described above. Under the severance plan, the chief executive officer, chief financial officer, chief operating officer and all other executive vice presidents of Powertel would receive severance equal to one year of their base salary plus their targeted bonus as of August 26, 2000. Vice presidents of Powertel would receive a severance payment equal to six months of their base salary plus their targeted bonus as of August 26, 2000. All other employees would receive severance equal to their base salary or the hourly equivalent, not including overtime, plus their targeted bonus as of August 26, 2000 for a minimum of four weeks, plus two weeks per year of actual service to Powertel, and Deutsche Telekom or VoiceStream, as the case may be, up to a maximum of 20 weeks. Partial years of service are prorated. The surviving corporation shall provide premiums for health and dental coverage under COBRA for all participants in the severance plan for a period equal to the salary continuation period, but not to exceed the time that COBRA coverage is available to the employee. To obtain benefits under the severance plan, employees will be required to sign and deliver to the surviving corporation a full release of all claims against Powertel, Deutsche Telekom and VoiceStream and all related parties.

Completion Bonus

Each of the Deutsche Telekom/Powertel merger agreement and the VoiceStream/Powertel merger agreement provides for the payment to specified officers of Powertel of completion bonuses upon the completion of the applicable merger. The president and chief executive officer of Powertel, Allen E. Smith, would receive a completion bonus of \$2,450,125, the chief financial officer of Powertel, Fred G. Astor, Jr., would receive a completion bonus of \$1,660,027 and the chief operating officer of Powertel, Rodney D. Dir, would receive a completion bonus of \$676,240 upon the completion of the applicable merger.

Benefits Table

The following table identifies the directors and executive officers of Powertel who may have an interest in the Deutsche Telekom/Powertel merger or the VoiceStream/Powertel merger, other than any interest arising solely from the ownership of Powertel common shares or preferred shares in which these persons receive no extra or special benefit not shared on a pro rata basis with other Powertel stockholders, and, if applicable, a quantification of the benefit to be received by those persons as a result of the Deutsche Telekom/Powertel merger or the VoiceStream/Powertel merger, as the case may be.

Name and Title or Position with Powertel	Nature of Interest in the Mergers(a)	Approximate Dollar Amount of Interest in Deutsche Telekom/ Powertel Merger	Approximate Dollar Amount of Interest in the VoiceStream/ Powertel Merger
Allen E. Smith(e) — President, Chief Executive Officer and Director	Potential severance payment	\$ 549,875	\$ 549,875
	Completion bonus	2,450,125	2,450,125
	Stock options(b)	1,858,159	1,954,523
	Restricted stock(b)	407,818	425,000
	Additional benefits(c)	7,343	7,343
Fred G. Astor, Jr.(e) — Executive Vice President and Chief Financial Officer	Potential severance payment	339,973	339,973
	Completion bonus	1,660,027	1,660,027
	Stock options	837,368	880,760
	Restricted stock	203,909	212,500
	Additional benefits	7,343	7,343
Rodney D. Dir(d) — Executive Vice President and Chief Operating Officer	Potential severance payment	323,760	323,760
	Completion bonus	676,240	676,240
	Stock options	1,413,089	1,485,013
	Additional benefits	7,343	7,343
	Potential severance payment	213,996	213,996
H. Jay Galletly(d) — Executive Vice President and General Manager	Stock options	584,368	618,750
	Additional benefits	4,895	4,895
	Potential severance payment	224,565	224,565
Nicholas J. Jebbia(d) — Executive Vice President and General Manager	Stock options	492,571	518,124
	Additional benefits	2,292	2,292
	Potential severance payment	228,141	228,141
George R. Johnson(d) — Executive Vice President and General Manager	Stock options	584,633	614,801
	Additional benefits	2,292	2,292
	Potential severance payment	225,987	225,987
Walter R. Pettiss(d) — Executive Vice President/ Customer Service	Stock options	417,573	439,195
	Additional benefits	4,895	4,895
	Potential severance payment	202,542	202,542
Michael P. Tatom(d) — Executive Vice President and General Manager	Stock options	474,278	498,862
	Additional benefits	2,292	2,292

- (a) Unless otherwise indicated, the calculations of the benefits in this table are based upon assumptions and other facts described in the preceding paragraphs.
- (b) Stock option amounts consist of the value of outstanding stock options that will become vested upon the consummation of the applicable merger if the employee is terminated, and is based upon the assumptions and other facts described in the preceding paragraphs. For the Deutsche Telekom/Powertel merger, stock option values are based on the last sale price of \$30.72 for Deutsche Telekom ADSs on February 7, 2001. For the VoiceStream/Powertel merger, stock option values are based on the last sale price of \$118.81 for VoiceStream common shares on February 7, 2001.
- (c) Additional benefits consist of COBRA benefits that are payable on behalf of these executive officers in the event the executive officer is terminated by Deutsche Telekom or VoiceStream, as the case may be. The values of these benefits were calculated based upon the cost of COBRA benefits under Powertel's current plans and rates.
- (d) These executive officers may receive cash bonuses, retention bonuses and incentive bonuses. These bonuses will be payable upon the assumptions and other facts described in the preceding paragraphs.

- (e) These executive officers may receive \$3,000 cash bonuses, payable upon the assumptions and other facts described in the preceding paragraphs on cash bonuses but will not receive retention bonuses or incentive bonuses.

Indemnification of Directors and Officers

Deutsche Telekom or VoiceStream, as the case may be, has agreed to cause the surviving corporation in the applicable merger to maintain, for a period of six years after the completion of the applicable merger, Powertel's current provisions and policies regarding indemnification of officers and directors, *provided* that the applicable surviving corporation may substitute policies having at least the same coverage and containing terms that are no less advantageous to the insured. If the premium for such substitute policy would otherwise exceed 250% of the current premium, the surviving corporation need only obtain as much insurance as can be obtained for 250% of the current premium. In addition, Deutsche Telekom or VoiceStream, as the case may be, and Powertel have agreed to indemnify the officers and directors of Powertel to the fullest extent permitted by law. For more information, see "Summary of Deutsche Telekom/Powertel and VoiceStream/Powertel Transaction Documents — The Deutsche Telekom/Powertel Merger Agreement — Indemnification and Insurance" and "Summary of Deutsche Telekom/Powertel and VoiceStream/Powertel Transaction Documents — The VoiceStream/Powertel Merger Agreement — Indemnification and Insurance."

Stockholder Agreements

In connection with the execution of the Deutsche Telekom/Powertel merger agreement and the VoiceStream/Powertel merger agreement, a number of Powertel stockholders entered into agreements with Deutsche Telekom and VoiceStream, respectively, regarding the voting and transfer of their Powertel shares. Some of these Powertel stockholders are, or have relationships with, directors or executive officers of Powertel, as follows:

- ITC Holding Company, Inc., which is an employer of directors Campbell B. Lanier, III and William H. Scott, III, and which has directors O. Gene Gabbard, Donald W. Burton and Donald W. Weber on its board of directors;
- SCANA Corporation, which is the sole stockholder of SCANA Communications Holdings, Inc. and is the employer of directors William B. Timmerman and Ann M. Milligan; and
- The South Atlantic Venture Funds and The Burton Partnerships, each of which employs director Donald W. Burton.

These stockholder agreements are described in greater detail under "Summary of Deutsche Telekom/Powertel and VoiceStream/Powertel Transaction Documents — Deutsche Telekom's Agreements with Stockholders of Powertel" and "Summary of Deutsche Telekom/Powertel and VoiceStream/Powertel Transaction Documents — VoiceStream's Agreements with Stockholders of Powertel."

Appraisal Rights

Delaware law does not entitle the record holders of Powertel common shares to rights of appraisal in connection with either the Deutsche Telekom/Powertel merger or the VoiceStream/Powertel merger. Delaware law entitles the record holders of Powertel preferred shares who follow the procedures specified in Section 262 of the Delaware corporation law to have their shares appraised by the Delaware Court of Chancery and to receive the "fair value" of these Powertel preferred shares as of the time the Deutsche Telekom/Powertel merger or the VoiceStream/Powertel merger, as the case may be, is completed, as may be determined by the court, in place of the applicable merger consideration. In order to exercise such rights, a stockholder must demand and perfect the rights in accordance with Section 262, a copy of which is attached as Annex G to this proxy statement/prospectus. However, all holders of Powertel preferred shares have agreed to waive their appraisal rights and to vote their shares in favor of the Deutsche Telekom/Powertel merger and the VoiceStream/Powertel merger.

DIVIDENDS

Deutsche Telekom

Deutsche Telekom historically has paid dividends on an annual basis and expects to continue to pay annual dividends on Deutsche Telekom ordinary shares. The amount and payment of future Deutsche Telekom dividends will depend on Deutsche Telekom's earnings, its financial condition and other factors, including cash requirements, the future prospects of Deutsche Telekom, and tax, regulatory and other legal considerations. Although Deutsche Telekom expects to pay annual dividends on its shares, you should not assume that any dividend will actually be paid or make any assumption about the amount that will be paid in any given year.

VoiceStream and Powertel stockholders who receive Deutsche Telekom ADSs or Deutsche Telekom ordinary shares in the Deutsche Telekom/VoiceStream merger or the Deutsche Telekom/Powertel merger in 2001 will be entitled to receive any dividends declared with respect to fiscal year 2001 and subsequent years. Any dividends with respect to fiscal year 2000 that are approved at the next annual general meeting of Deutsche Telekom shareholders, which is currently scheduled for May 29, 2001, would be payable after such meeting to shareholders as of the date of completion of such meeting. If the next annual general meeting is held on May 29, 2001, as currently scheduled, VoiceStream and Powertel stockholders who receive Deutsche Telekom ADSs or Deutsche Telekom ordinary shares in the Deutsche Telekom/VoiceStream merger or the Deutsche Telekom/Powertel merger will not be entitled to receive any dividends that may be declared with respect to fiscal year 2000.

Deutsche Telekom's dividend for the year ended December 31, 1999 was 0.62 euros per Deutsche Telekom ordinary share or \$0.58 per Deutsche Telekom ADS, based on the noon buying rate for euros on the dividend payment date, which occurred during the second quarter of 2000. See "Market Price and Dividend Data — Dividend Data — Deutsche Telekom."

Holders of Deutsche Telekom ordinary shares receive dividends in euros. Deutsche Telekom's ADS depositary generally will convert dividends received in respect of Deutsche Telekom ordinary shares represented by Deutsche Telekom ADSs into U.S. dollars and distribute the dividends in U.S. dollars to holders of Deutsche Telekom ADSs. See "Market Price and Dividend Data," "Description of Deutsche Telekom Ordinary Shares — Dividends and Other Distributions" and "Description of Deutsche Telekom American Depositary Shares — Dividends and Distributions."

VoiceStream

VoiceStream has never declared or paid dividends on VoiceStream common shares and does not anticipate paying dividends in the foreseeable future. However, prior to completion of the Deutsche Telekom/VoiceStream merger, VoiceStream anticipates paying a stock dividend of 0.0075 of a VoiceStream common share for each common share outstanding. In addition, provisions of VoiceStream's credit facility and the indentures for its senior notes and senior discount notes and the senior notes issued by Omnipoint, contain restrictions on VoiceStream's ability to declare and pay cash dividends on VoiceStream common shares.

FEDERAL SECURITIES LAW CONSEQUENCES OF THE MERGERS

The Deutsche Telekom/VoiceStream Merger and the Deutsche Telekom/Powertel Merger

Deutsche Telekom ADSs and Deutsche Telekom ordinary shares received in the Deutsche Telekom/VoiceStream merger by VoiceStream stockholders and in the Deutsche Telekom/Powertel merger by Powertel stockholders, as the case may be, generally will be freely transferable except that:

- Deutsche Telekom ADSs and Deutsche Telekom ordinary shares received by persons that are deemed to be affiliates of VoiceStream or Powertel under the Securities Act of 1933, as amended, at the time of the VoiceStream or Powertel special meeting, as the case may be, may be resold by them only in transactions permitted by Rule 145 under the Securities Act or as otherwise permitted under the Securities Act. Persons that may be deemed to be affiliates of VoiceStream or Powertel for purposes of Rule 145 under the Securities Act generally include individuals or entities that control, are controlled by or are under common control with VoiceStream or Powertel, as the case may be, and include directors and executive officers of VoiceStream or Powertel. Each of the Deutsche Telekom/VoiceStream merger agreement and the Deutsche Telekom/Powertel merger agreement requires each of VoiceStream and Powertel, respectively, to use its reasonable best efforts to cause each of its respective affiliates to deliver to Deutsche Telekom on or prior to the completion of the applicable merger, a signed agreement to the effect that the affiliate will not offer, sell or otherwise dispose of any Deutsche Telekom ADSs or Deutsche Telekom ordinary shares issued to the affiliate in the applicable merger in violation of the Securities Act or the related SEC rules.
- In addition, certain VoiceStream and Powertel stockholders who entered into stockholder agreements with Deutsche Telekom described under “Summary of the Deutsche Telekom/VoiceStream Transaction Documents — Deutsche Telekom’s Agreements with Stockholders of VoiceStream” and “Summary of Deutsche Telekom/Powertel and VoiceStream/Powertel Transaction Documents — Deutsche Telekom’s Agreement with Stockholders of Powertel” will be subject to certain transfer restrictions on their shares for the first six months after the completion of the Deutsche Telekom/VoiceStream merger or the Deutsche Telekom/Powertel merger, as the case may be. Deutsche Telekom reserves the right to waive these transfer restrictions at any time or from time to time.

The VoiceStream/Powertel Merger

VoiceStream common shares received in the VoiceStream/Powertel merger by Powertel stockholders generally will be freely transferable, except that:

- VoiceStream common shares received by persons that are deemed to be affiliates of Powertel under the Securities Act at the time of the Powertel special meeting may be resold by them only in transactions permitted by Rule 145 under the Securities Act or as otherwise permitted under the Securities Act. Persons that may be deemed to be affiliates of Powertel for these purposes generally include individuals or entities that control, are controlled by or are under common control with Powertel and include directors and executive officers of Powertel. The VoiceStream/Powertel merger agreement requires Powertel to use reasonable efforts to cause each of its affiliates to deliver to VoiceStream on or prior to the completion of the VoiceStream/Powertel merger a signed agreement to the effect that the affiliate will not offer, sell or otherwise dispose of any VoiceStream shares issued to the affiliate in the VoiceStream/Powertel merger in violation of the Securities Act or the related SEC rules.
- In addition, certain Powertel stockholders who have agreed in the stockholder agreements with VoiceStream described under “Summary of Deutsche Telekom/Powertel and VoiceStream/Powertel Transaction Documents — VoiceStream’s Agreements with Stockholders of Powertel” will be subject to certain resale restrictions on their VoiceStream shares prior to the six month anniversary of the completion of the VoiceStream/Powertel merger.

OTHER EFFECTS OF THE MERGERS

Other Effects of the Deutsche Telekom/VoiceStream Merger and the Deutsche Telekom/Powertel Merger

Listing of Shares

It is a condition to each of the Deutsche Telekom/VoiceStream merger and the Deutsche Telekom/Powertel merger that the Deutsche Telekom ADSs issuable in connection with the Deutsche Telekom/VoiceStream merger or the Deutsche Telekom/Powertel merger, as the case may be, be authorized for listing on the NYSE subject to official notice of issuance, and that all steps necessary for the listing of the Deutsche Telekom ordinary shares to be issued by Deutsche Telekom in connection with the Deutsche Telekom/VoiceStream merger and the Deutsche Telekom/Powertel merger, as the case may be, on the Frankfurt Stock Exchange will have been taken. If the Deutsche Telekom/VoiceStream merger or the Deutsche Telekom/Powertel merger, as the case may be, is completed, the newly issued Deutsche Telekom ordinary shares will be listed on the Frankfurt Stock Exchange and dealings in the Deutsche Telekom ordinary shares are expected to commence, at 9:00 a.m., Frankfurt time, on or about the third business day after the relevant merger is legally completed. For information concerning tax considerations related to the ownership of Deutsche Telekom ADSs and Deutsche Telekom ordinary shares, see "U.S. Federal and German Tax Consequences — U.S. Federal Income Tax and German Tax Considerations for U.S. Resident Holders of Deutsche Telekom ADSs and Deutsche Telekom Ordinary Shares."

Effects on Other Capital Stock and Warrants of VoiceStream

Any 7% cumulative convertible preferred shares of Omnipoint, a subsidiary of VoiceStream, that are outstanding at the time of the Deutsche Telekom/VoiceStream merger will remain outstanding after the completion of the Deutsche Telekom/VoiceStream merger and the holders thereof will become entitled, upon conversion of the 7% convertible preferred shares, to receive the merger consideration. Any warrants issued pursuant to the Omnipoint remainder warrant certificate dated May 6, 1997 that are not exercised before the completion of the Deutsche Telekom/VoiceStream merger will remain outstanding after completion of the Deutsche Telekom/VoiceStream merger and the holders thereof will become entitled, upon exercise of the warrants, to receive the merger consideration. Any VoiceStream voting preferred shares, all of which are held by Deutsche Telekom, will remain outstanding and will be unaffected by the Deutsche Telekom/VoiceStream merger. For additional details concerning these classes of VoiceStream shares and warrants, see "Summary of the Deutsche Telekom/VoiceStream Transaction Documents — The Deutsche Telekom/VoiceStream Merger Agreement — Treatment of Other Capital Stock, Warrants and Exchange Rights."

Effects on Warrants of Powertel

Any warrants issued pursuant to the Warrant Agreement, dated February 7, 1996, between Powertel and Bankers Trust Company, as warrant agent, that have not been exercised before the completion of the Deutsche Telekom/Powertel merger will remain outstanding after the Deutsche Telekom/Powertel merger and any holders thereof will become entitled, upon exercise of the warrants, to the merger consideration. For additional details concerning these warrants, see "Summary of Deutsche Telekom/Powertel and VoiceStream/Powertel Transaction Documents — The Deutsche Telekom/Powertel Merger Agreement — Treatment of Powertel Warrants."

Content and Timing of Reports and Notices of the Companies; Definition of Foreign Private Issuer

The content and timing of reports and notices that Deutsche Telekom files with the SEC differ in several respects from the reports and notices that VoiceStream and Powertel currently file with the SEC. Deutsche Telekom is a foreign private issuer for the purposes of the reporting rules under the Securities Exchange Act of 1934, as amended.

As United States reporting companies, VoiceStream and Powertel currently must each file with the SEC, among other reports and notices:

- an annual report on Form 10-K within 90 days after the end of each fiscal year;
- a quarterly report on Form 10-Q within 45 days after the end of each fiscal quarter; and
- current reports on Form 8-K upon the occurrence of various corporate events.

As a foreign private issuer, pursuant to the requirements of the Exchange Act, Deutsche Telekom is required to:

- file with the SEC an annual report on Form 20-F within six months after the end of each fiscal year; and
- furnish material information that it makes public in Germany on Form 6-K.

As a foreign private issuer, Deutsche Telekom is not required under the Exchange Act to file quarterly reports on Form 10-Q after the end of each financial quarter.

In addition, the content and timing of reports and notices that holders of Deutsche Telekom ADSs and Deutsche Telekom ordinary shares will receive will differ from the reports and notices that currently are received by VoiceStream and Powertel stockholders. As United States reporting companies, VoiceStream and Powertel each must mail to its respective stockholders in advance of each annual meeting of stockholders:

- an annual report containing audited financial statements; and
- a proxy statement that complies with the requirements of the Exchange Act.

As a foreign private issuer, Deutsche Telekom is exempt from the rules under the Exchange Act prescribing the furnishing and content of annual reports and proxy statements to its shareholders. Deutsche Telekom expects to retain its status as a foreign private issuer after the completion of the Deutsche Telekom/VoiceStream merger and the Deutsche Telekom/Powertel merger. Under SEC rules, Deutsche Telekom will retain its status as a foreign private issuer unless:

- more than 50% of Deutsche Telekom's ordinary shares, including Deutsche Telekom ordinary shares underlying Deutsche Telekom ADSs, are, directly or indirectly, owned of record by shareholders that are residents of the United States; and
- any one of the following conditions is satisfied:
 - the majority of Deutsche Telekom's directors or executive officers are United States citizens or residents of the United States;
 - more than 50% of Deutsche Telekom's assets are located in the United States; or
 - Deutsche Telekom's business is administered principally in the United States.

After completion of the Deutsche Telekom/VoiceStream and Deutsche Telekom/Powertel mergers, it is possible that United States shareholders may at some time in the future hold more than 50% of Deutsche Telekom's ordinary shares, including Deutsche Telekom ordinary shares underlying the Deutsche Telekom ADSs. However, Deutsche Telekom expects that after the Deutsche Telekom/VoiceStream merger and Deutsche Telekom/Powertel merger, at least 50% of its directors and executive officers will be persons that are not United States citizens or residents and at least 50% of its assets will be located outside of the United States. Furthermore, Deutsche Telekom will continue to administer its business from its current headquarters in Germany. Accordingly, Deutsche Telekom expects to retain its status as a foreign private issuer after completion of the Deutsche Telekom/VoiceStream and Deutsche Telekom/Powertel mergers.

If Deutsche Telekom at any time loses its status as a foreign private issuer, it would be required to file annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. In

addition, Deutsche Telekom would become subject to the rules under the Exchange Act regarding the furnishing and content of annual reports and proxy statements to its shareholders and forfeiture by its directors, officers and beneficial owners of 10% or more of its shares of any "short swing" profits realized by them from any purchases and sales of Deutsche Telekom shares within a six-month period.

Although Deutsche Telekom, as a foreign private issuer, is exempt from the rules under the Exchange Act regarding the furnishing of annual reports to shareholders, under the rules of the NYSE, Deutsche Telekom is required to distribute to the holders of its ADSs an annual report containing audited financial statements a reasonable period of time before Deutsche Telekom's annual general meeting of shareholders. Deutsche Telekom currently furnishes holders of its ordinary shares with Deutsche Telekom's annual report, which contains audited financial statements prepared in conformity with German GAAP, including U.S. GAAP reconciliations. Deutsche Telekom also furnishes holders of its ordinary shares with quarterly interim reports, which include unaudited interim financial information prepared in conformity with German GAAP, including U.S. GAAP reconciliations, and notices of meetings of shareholders and related documents in accordance with the German Stock Corporation Act (*Aktiengesetz*) and the Frankfurt Stock Exchange. See "Description of Deutsche Telekom American Depositary Shares" and "Comparison of Rights of VoiceStream and Powertel Stockholders and Deutsche Telekom Shareholders — Reporting Requirements."

Delisting of VoiceStream and Powertel Common Shares

If the Deutsche Telekom/VoiceStream merger is completed, the VoiceStream common shares will be delisted from the Nasdaq Stock Market and deregistered under the Exchange Act. The Powertel common shares will be delisted from the Nasdaq Stock Market and deregistered under the Exchange Act if the Deutsche Telekom/Powertel merger is completed.

Potential Effects on Trading in Deutsche Telekom ADSs and Deutsche Telekom Ordinary Shares

Some U.S. mutual funds, state pension funds and other investors are not permitted to hold equity securities of non-U.S. companies. In addition, some mutual funds and other investors may hold shares of VoiceStream because it is included in the Nasdaq 100 Index, and Deutsche Telekom shares are not included in that index. Also, a substantial number of VoiceStream and Powertel stockholders, including principal stockholders and institutional and retail investors, may not wish to retain the Deutsche Telekom shares they receive in the applicable merger transaction with Deutsche Telekom and may wish to sell them in the market. As a result, a substantial proportion of these shares might flow back into Germany, Deutsche Telekom's home and principal trading market. Moreover, prior to completion of the mergers, arbitrageurs may enter into arbitrage positions by establishing a long position in VoiceStream stock and/or Powertel stock and a short position in Deutsche Telekom shares. In addition, Deutsche Telekom's two largest shareholders may sell all or a substantial amount of the Deutsche Telekom ordinary shares they currently hold. Any sales or short sales by these holders, or the prospect of future sales by such holders, could adversely affect the market price of the Deutsche Telekom ADSs or Deutsche Telekom ordinary shares.

The relative weight of Deutsche Telekom in the DAX Index, which is a market capitalization weighted index of German securities, is capped at 15%. As a result, if Deutsche Telekom's relative weight exceeds 15% at the end of any quarter, as it is expected to be after completion of the mergers, it will be reset to 15%. Deutsche Telekom's relative weight in the DAX Index was approximately 11% as of February 7, 2001. Deutsche Telekom's weighting in the Pan-European indices DJ-STOXX and MSCI, which are not subject to the same limitations, will increase. As a result, pension funds, unit trusts and other investment vehicles whose investment objective is to track the performance of the DJ-STOXX and MSCI indices are likely to increase their holdings of Deutsche Telekom ordinary shares. In addition, hedge funds and international institutional investors may wish to use the increased liquidity in Deutsche Telekom shares to either establish or raise their existing position in Deutsche Telekom or to cover their hedges. Such demands may counterbalance the adverse effect on the market price for the Deutsche Telekom ADSs or Deutsche Telekom ordinary shares caused by some of the factors described above.

Deutsche Telekom Financial Information

Deutsche Telekom prepares its financial statements in accordance with German GAAP and presents them in euros. Deutsche Telekom financial statements include a reconciliation of the German GAAP financial information to U.S. GAAP, and Deutsche Telekom's annual financial statements contain a summary of the effects of the differences between German GAAP and U.S. GAAP in accordance with SEC rules.

If Deutsche Telekom loses its status as a foreign private issuer, under SEC rules, it will be required to prepare financial statements in accordance with U.S. GAAP and present them in U.S. dollars, in addition to its financial statements prepared in accordance with German GAAP and presented in euros. Note 36 to the financial statements included in Deutsche Telekom's Annual Report for the year ended December 31, 1999 describes the significant differences between German GAAP and U.S. GAAP as they relate to Deutsche Telekom. The notes to the unaudited pro forma condensed consolidated financial information, prepared in accordance with German GAAP, set forth a summary of certain estimated adjustments that would be required if U.S. GAAP had been applied to that information.

Dilution of the German Government's Ownership Interest in Deutsche Telekom.

After the completion of the Deutsche Telekom/VoiceStream merger, the aggregate ownership of Deutsche Telekom shares by the Federal Republic of Germany and KfW is estimated to be diluted to approximately 46%, and after the completion of the Deutsche Telekom/VoiceStream merger and the Deutsche Telekom/Powertel merger, the aggregate ownership of Deutsche Telekom shares by the Federal Republic of Germany and KfW is estimated to be diluted to approximately 45%, based on facts that existed as of February 7, 2001 and assumptions similar to those described under "Summary of the Deutsche Telekom/VoiceStream Transaction Documents — The Deutsche Telekom/VoiceStream Merger Agreement — Consideration To Be Received in the Deutsche Telekom/VoiceStream Merger — Explanation of Potential Tax-Related Adjustment to Merger Consideration". The Federal Republic of Germany has publicly stated its intention to reduce substantially its ownership of Deutsche Telekom shares.

Other Effects of the VoiceStream/Powertel Merger

Listing of Shares

It is a condition to the VoiceStream/Powertel merger that VoiceStream common shares issuable in connection with the VoiceStream/Powertel merger be authorized for listing on the Nasdaq Stock Market subject to official notice of issuance.

Effects on Other Capital Stock and Warrants

At the completion of the VoiceStream/Powertel merger, each Powertel preferred share will be converted into the right to receive a number of VoiceStream common shares determined by multiplying the conversion number by the sum of:

- the number of Powertel common shares into which such Powertel preferred share would be converted as of the completion of the VoiceStream/Powertel merger plus
- with respect to Powertel's Series E preferred shares and Series F preferred shares, the number of Powertel common shares that represent accrued or declared but unpaid dividends on these Powertel preferred shares.

Any warrants granted pursuant to the warrant agreement dated February 2, 1996 between Powertel and Bankers Trust Company as warrant agent that are not exercised before the completion of the VoiceStream/Powertel merger will remain outstanding after completion of the VoiceStream/Powertel merger and be entitled to receive VoiceStream common shares. For additional details concerning these classes of shares and warrants, see "Summary of Deutsche Telekom/Powertel and VoiceStream/Powertel Transaction Documents — The VoiceStream/Powertel Merger Agreement — Treatment of Powertel Warrants" and "Summary of Deutsche Telekom/Powertel and VoiceStream/Powertel Transaction Documents — The Deutsche Telekom/Powertel Merger Agreement — Treatment of Powertel Options and Restricted Stock."

Delisting of Powertel Common Shares

If the VoiceStream/Powertel merger is completed, Powertel common shares will be delisted from the Nasdaq Stock Market and deregistered under the Exchange Act.

ACCOUNTING TREATMENT

The Deutsche Telekom/VoiceStream Merger and the Deutsche Telekom/Powertel Merger

Deutsche Telekom will account for the Deutsche Telekom/VoiceStream merger and for the Deutsche Telekom/Powertel merger as a purchase under generally accepted accounting principles in Germany and in the United States. See "Deutsche Telekom Unaudited Pro Forma Condensed Combined Financial Statements."

The VoiceStream/Powertel Merger

VoiceStream will account for the VoiceStream/Powertel merger as a purchase under generally accepted accounting principles in the United States. See "VoiceStream Unaudited Pro Forma Condensed Combined Financial Statements."

REGULATORY APPROVALS

Regulatory Approvals Required for the Deutsche Telekom/VoiceStream Merger and the Deutsche Telekom/Powertel Merger

U.S. Antitrust

Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which in this document we refer to as the "HSR Act", we cannot complete the initial investment by Deutsche Telekom in VoiceStream, the Deutsche Telekom/VoiceStream merger or the Deutsche Telekom/Powertel merger until, with respect to each, we have given notification and furnished information to the Federal Trade Commission, which in this document we refer to as the "FTC", and the Antitrust Division of the Department of Justice, which in this document we refer to as the "DOJ", relating to the operations of the parties and the relevant reviewing agency has granted early termination of the 30-day waiting period under the HSR Act, or the 30-day waiting period has expired, or, if the reviewing agency made a request for additional information, the extended waiting period has expired. Expiration of the applicable waiting period under the HSR Act is a condition to completing each transaction.

In August 2000, we filed with the FTC and the DOJ premerger notifications and report forms relating to both Deutsche Telekom's initial investment in VoiceStream and the Deutsche Telekom/VoiceStream merger. In September 2000, we filed with the FTC and the DOJ premerger notifications and report forms relating to the Deutsche Telekom/Powertel merger. The HSR Act waiting periods relating to all of those transactions expired without the issuance of a request for additional information.

Termination of the HSR Act waiting period does not prevent the government from challenging the initial investment or either merger. At any time before or after the completion of any of the transactions, the DOJ or FTC could take any action under the antitrust laws that is necessary or desirable in the public interest, including seeking the divestiture of substantial assets of Deutsche Telekom, VoiceStream, or Powertel, or challenging any of the transactions. Although we do not anticipate that the DOJ or FTC will challenge the initial investment in VoiceStream, the Deutsche Telekom/VoiceStream merger or the Deutsche Telekom/Powertel merger, the DOJ or FTC might challenge any of these transactions on antitrust grounds. If a challenge is made, we cannot predict what the result will be. In addition, certain private parties as well as state attorneys general and other antitrust authorities may challenge the transactions under antitrust laws under certain circumstances, and, even though we believe we should prevail, we might not.

FCC

The Deutsche Telekom/VoiceStream merger and the Deutsche Telekom/Powertel merger are subject to the requirements of the Communications Act of 1934, as amended, and the rules, regulations and policies of the FCC. Before each of the mergers may occur, the FCC must give its consent based on a determination that the merger would serve the public interest, convenience and necessity. In making this determination, the FCC examines whether a proposed merger is consistent with the Communications Act and the FCC's rules, regulations and policies, including, among other things, the effect of the proposed merger on FCC policies encouraging competition. In addition, before a non-U.S. company acquires a U.S. company that controls FCC licenses, the FCC must specifically determine that such foreign ownership is in the public interest. The FCC has adopted a strong presumption that indirect foreign investments by entities from World Trade Organization member countries such as Germany are in the public interest, absent competition or national security or law enforcement concerns.

The Deutsche Telekom/VoiceStream and Deutsche Telekom/Powertel merger applications were filed with the FCC on September 18, 2000. The public comment period on the merger application concluded on January 8, 2001. Supporting and opposing comments were filed on December 13, 2000. Opponents of the mergers included Senator Ernest F. Hollings, who has urged the FCC to deny approval of the mergers arguing that the Communications Act prohibits a representative of a foreign government from controlling FCC wireless licenses and that the German government controls Deutsche Telekom. The other principal opposing commenters are QS Communications AG, Novaxess B.V., and Global Telesystems, Inc., three firms that are actual or potential competitors of Deutsche Telekom in Europe. These parties do not oppose the mergers, but urge the FCC to condition its approval of the Deutsche Telekom/VoiceStream merger on commitments by Deutsche Telekom for the benefit of Deutsche Telekom's competitors in Germany, commitments by German regulatory authorities to enforce such commitments, and/or a commitment by the German government to sell its stake in Deutsche Telekom within a reasonable time period. Deutsche Telekom replied on January 8, 2001. Others filed reply comments either supporting or seeking the imposition of conditions on the mergers. Deutsche Telekom, VoiceStream and Powertel believe that both mergers should be approved under the standards discussed in the prior paragraph, and that under those standards the particular actions of Deutsche Telekom outside the United States and of the German regulatory authority are not relevant to the FCC's determination of whether the mergers would serve the public interest, convenience and necessity. However, the FCC might disapprove the mergers, or it might condition its approval of them on compliance with conditions. Any FCC approval may be challenged in court.

In 2000, legislation was introduced in the U.S. Congress that, although not enacted, would have prevented the FCC from approving the transfer of wireless licenses to a corporation of which a foreign government owns more than 25 percent. Because the Federal Republic of Germany and KfW currently own in the aggregate approximately 60 percent of Deutsche Telekom's outstanding shares and are estimated to own approximately 45 percent of those shares following the completion of both the Deutsche Telekom/VoiceStream and the Deutsche Telekom/Powertel mergers, based on facts that existed as of February 7, 2001 and assumptions similar to those described under "Summary of the Deutsche Telekom/VoiceStream Transaction Documents — The Deutsche Telekom/VoiceStream Merger Agreement — Consideration To Be Received in the Deutsche Telekom/VoiceStream Merger — Explanation of Potential Tax-Related Adjustment to Merger Consideration," this legislation would have barred the FCC from approving Deutsche Telekom's mergers with VoiceStream and Powertel. Legislation with similar effect could be reintroduced in Congress in 2001.

On November 30, 2000, Senator Ernest F. Hollings requested that the FCC issue a ruling declaring whether, in light of Deutsche Telekom's \$5 billion investment in VoiceStream and related contract terms, VoiceStream remains in compliance with the FCC's foreign ownership limitations and whether VoiceStream should be permitted to participate in Auction No. 35 for licenses for personal communications services. On December 1, 2000, the FCC issued a public notice listing VoiceStream as a bidder qualified to participate in the auction without resolving Senator Hollings's request for a ruling, and by letter dated December 8, 2000, FCC Chairman William Kennard responded to Senator Hollings that

VoiceStream would be permitted to bid, subject to scrutiny of its qualifications after the conclusion of the bidding. The auction began on December 12, 2000, with VoiceStream participating as a bidder. Auction No. 35 concluded on January 26, 2001, and VoiceStream was the highest bidder in 18 markets, covering approximately 12 million people, at a cost of \$482,653,000. In addition, Cook Inlet/VS GSM V PCS, LLC, a joint venture in which VoiceStream owns a 49.9% interest, was the highest bidder in 22 markets, covering approximately 21 million people, at a cost of \$506,376,000. FCC rules provide that, following the auction, VoiceStream must file an application for any licenses that it may win in the auction. At that time, parties in interest may petition the FCC to deny VoiceStream's application on foreign ownership or other grounds. While VoiceStream believes that Deutsche Telekom's investment fully complies with the FCC's foreign ownership limitations, a ruling adverse to VoiceStream on such a petition to deny could result in the denial of any application for licenses VoiceStream might win in the auction or in fines or other sanctions.

In the merger applications filed with the FCC, the parties recognized that the FCC's review of the mergers would require consultation by the FCC with appropriate U.S. executive agencies on national security and law enforcement issues. Accordingly, Deutsche Telekom informed the FCC that the parties would not object to making FCC approval of the mergers contingent on compliance with any agreement on these issues reached with such agencies. On December 15, 2000, Deutsche Telekom, VoiceStream and Powertel joined with the DOJ and the Federal Bureau of Investigation in a request to defer grant of approval of the merger applications until such an agreement is reached, and to condition any such grant on compliance with the terms of the agreement. On January 12, 2001, Deutsche Telekom and VoiceStream entered into an agreement with the DOJ and FBI that addresses national security and law enforcement matters relating to the proposed mergers of Deutsche Telekom with VoiceStream and Powertel. Under the agreement, the DOJ and FBI agreed not to object to the FCC's grant of the pending merger applications, provided that such grant is subject to the condition that Deutsche Telekom and VoiceStream comply with the terms of the January 12, 2001 agreement. On January 25, 2001, the DOJ and FBI filed with the FCC a petition stating that they have no objection to a grant of the applications, provided that such grant is subject to the condition that Deutsche Telekom and VoiceStream comply with the terms of the January 12, 2001 agreement.

Exon-Florio

The provisions of the Exon-Florio amendment to the Omnibus Trade and Competitiveness Act of 1988 authorize the President to investigate and, if he deems it necessary, to suspend or prohibit any "merger, acquisition or takeover" of a U.S. company that would result in foreign control of the company, where such control would "threaten to impair the national security." The President has delegated his authority to receive notices of transactions and to conduct investigations to the Committee on Foreign Investment in the United States, an interagency committee chaired by the Secretary of the Treasury.

A party or parties to a transaction may, but are not required to, submit to the Committee on Foreign Investment in the United States a voluntary notice of the transaction. In general, if the parties submit such a notice, the Committee on Foreign Investment in the United States has 30 days in which to make an initial determination whether to conduct an investigation. If the Committee on Foreign Investment in the United States decides that an investigation is warranted, it typically has 45 days in which to complete the investigation and make a recommendation to the President, including whether to take action to prohibit the merger. If the Committee on Foreign Investment in the United States declines to initiate a 45-day investigation, the review process concludes and the transaction is, in effect, approved.

Deutsche Telekom, VoiceStream and Powertel intend voluntarily to notify the Committee on Foreign Investment in the United States. Although the parties do not anticipate that the Committee on Foreign Investment in the United States will recommend that the President suspend or prohibit the Deutsche Telekom/VoiceStream merger or the Deutsche Telekom/Powertel merger, such a recommendation could be made. In the January 12, 2001 agreement between the parties and the DOJ and FBI, the U.S. Attorney General agreed not to make any objection to the Committee on Foreign Investment in the United States or the President concerning the Deutsche Telekom/VoiceStream or Deutsche Telekom/

Powertel mergers, provided that the FCC's grant of the pending merger applications is subject to the condition that Deutsche Telekom and VoiceStream comply with the terms of the January 12, 2001 agreement.

General

It is possible that one or more of the pending regulatory approvals required to complete the Deutsche Telekom/VoiceStream merger or the Deutsche Telekom/Powertel merger will not be obtained on a timely basis or at all. In addition, it is possible that any of the governmental entities with which filings are made may seek regulatory conditions for granting approval of the Deutsche Telekom/VoiceStream merger or the Deutsche Telekom/Powertel merger.

Under the Deutsche Telekom/VoiceStream merger agreement, Deutsche Telekom and VoiceStream have each agreed to use reasonable best efforts to complete the Deutsche Telekom/VoiceStream merger, including to gain clearance from antitrust and competition authorities and obtain other required approvals. For this purpose, Deutsche Telekom and VoiceStream have also agreed to accept any actions, conditions, terms or restrictions necessary to obtain any regulatory approval, unless those conditions, terms and restrictions amount to a "burdensome condition," as that term is used in the Deutsche Telekom/VoiceStream merger agreement. The meaning of "burdensome condition" is explained under "Summary of the Deutsche Telekom/VoiceStream Transaction Documents — The Deutsche Telekom/VoiceStream Merger Agreement — Important Definitions." Although we do not expect regulatory authorities to raise any significant objections to the Deutsche Telekom/VoiceStream merger, we cannot be certain that we will obtain all required regulatory approvals or that these approvals will not contain terms, conditions or restrictions that would be detrimental to Deutsche Telekom or its telecommunications business after the Deutsche Telekom/VoiceStream merger. If a burdensome condition is imposed, we might not choose to terminate the Deutsche Telekom/VoiceStream merger.

Under the Deutsche Telekom/Powertel merger agreement, Deutsche Telekom and Powertel have each agreed to use reasonable best efforts to complete the Deutsche Telekom/Powertel merger, including to gain clearance from antitrust and competition authorities and obtain other required approvals, provided that neither Deutsche Telekom nor any of its subsidiaries is required to and neither Powertel nor its subsidiaries is permitted to, without the consent of Deutsche Telekom, divest or hold separate or otherwise take any action that limits Deutsche Telekom's freedom of action with respect to Deutsche Telekom, Powertel, VoiceStream or any of their respective subsidiaries or any of their business, product lines or assets. For this purpose, Deutsche Telekom and Powertel have also agreed to accept any actions, conditions, terms or restrictions necessary to obtain any regulatory approval, unless those actions, conditions, terms and restrictions would reasonably be expected to have a "material adverse effect," as that term is used in the Deutsche Telekom/Powertel merger agreement. The meaning of "material adverse effect" is explained under "Summary of Deutsche Telekom/Powertel and VoiceStream/Powertel Transaction Documents — The Deutsche Telekom/Powertel Merger Agreement — Important Definitions." Although we do not expect regulatory authorities to raise any significant objections to the Deutsche Telekom/Powertel merger, we cannot be certain that we will obtain all required regulatory approvals or that these approvals will not contain terms, conditions or restrictions that would be detrimental to Deutsche Telekom. If a condition that would reasonably be expected to have a material adverse effect is imposed, we might not choose to terminate the Deutsche Telekom/Powertel merger.

Regulatory Approvals Required for the VoiceStream/Powertel Merger

U.S. Antitrust

Under the HSR Act, VoiceStream and Powertel cannot complete the VoiceStream/Powertel merger until VoiceStream and Powertel have given notification and furnished information relating to the operations of VoiceStream and Powertel to the FTC and the DOJ and the relevant reviewing agency has granted early termination of the 30-day waiting period under the HSR Act, or the 30-day waiting period has expired, or, if the reviewing agency makes a request for additional information, the extended waiting

period has expired. Expiration of the applicable waiting period under the HSR Act is a condition to completing the VoiceStream/Powertel merger.

On September 13, 2000, VoiceStream and Powertel filed with the FTC and the DOJ a premerger notification and report form relating to the VoiceStream/Powertel transaction. The HSR Act waiting period relating to this transaction expired on October 13, 2000 without the issuance of a request for additional information.

Termination of the HSR Act waiting period does not prevent the government from challenging the VoiceStream/Powertel merger. At any time before or after the completion of the VoiceStream/Powertel merger, the FTC or DOJ could take any action under the antitrust laws that it deems necessary or desirable in the public interest, including seeking the divestiture of substantial assets of VoiceStream or Powertel or challenging the VoiceStream/Powertel merger. In addition, certain private parties as well as state attorneys general and other antitrust authorities may challenge the acquisition under antitrust laws or other circumstances, and even if VoiceStream and Powertel believe that they should prevail, they might not. Although VoiceStream and Powertel do not anticipate that the DOJ or FTC will challenge the VoiceStream/Powertel merger, the DOJ or FTC might challenge the VoiceStream/Powertel merger on antitrust grounds. If a challenge is made, we cannot predict what the result will be.

FCC

The VoiceStream/Powertel merger is subject to the requirements of the Communications Act of 1934, as amended, and the rules, regulations and policies of the FCC. Before the VoiceStream/Powertel merger may occur, the FCC must give its consent based on a determination that the VoiceStream/Powertel merger would serve the public interest, convenience and necessity. In making this determination, the FCC examines whether a proposed merger is consistent with the Communications Act and the FCC's rules, regulations and policies, including, among other things, the effect of the transfer on FCC policies encouraging competition.

The VoiceStream/Powertel merger application was filed with the FCC on September 18, 2000. The public comment period on the application concluded on January 8, 2001. Because consummation of the VoiceStream/Powertel merger is conditioned upon the outcome of the Deutsche Telekom/VoiceStream merger, VoiceStream and Powertel have requested that the FCC process the VoiceStream/Powertel merger application simultaneously with the Deutsche Telekom/VoiceStream and Deutsche Telekom/Powertel merger applications. A final decision by the FCC on transactions of the type of the three proposed mergers generally takes at least six months from the date of public notice and may take substantially longer. Furthermore, while VoiceStream and Powertel believe that the VoiceStream/Powertel merger application should be approved under the foregoing standard, the FCC might not approve it. It is also possible that the FCC will condition its approval on compliance with competitive safeguards, and that any FCC approval will be challenged in court.

General

It is possible that either or both of the regulatory approvals required to complete the VoiceStream/Powertel merger will not be obtained on a timely basis or at all. In addition, it is possible that either of the governmental entities with which filings are made may seek regulatory conditions for granting approval of the VoiceStream/Powertel merger.

Under the VoiceStream/Powertel merger agreement, VoiceStream and Powertel have each agreed to use reasonable best efforts to comply promptly with all legal requirements, including furnishing all information required under the HSR Act and all actions required in connection with approvals of or filings with the FCC or similar agencies or any other governmental entities. Although VoiceStream and Powertel do not expect regulatory authorities to raise any significant objections to the VoiceStream/Powertel merger, VoiceStream and Powertel cannot be certain that they will obtain all required regulatory approvals or that these approvals will not contain terms, conditions or restrictions that would be detrimental to VoiceStream or its telecommunications business after the VoiceStream/Powertel merger. If a condition that would reasonably be expected to have a material adverse effect is imposed, VoiceStream and Powertel might not choose to terminate the VoiceStream/Powertel merger.